

## Message Text

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21

ORIGIN EA-10

INFO OCT-01 EUR-12 ISO-00 PM-03 CIAE-00 DODE-00 INR-07

NSAE-00 PA-02 RSC-01 USIA-15 PRS-01 SP-02 PCH-02 /056 R

DRAFTED BY EA/P:STAFF:PP

APPROVED BY EA/P:MSMITH

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R 292233Z JAN 75

FM SECSTATE WASHDC

TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

TREASURY

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

INFO USSAGE NAKHON PHANOM

CINCPAC

COGARD

AMEMBASSY BUDAPEST BY POUCH

XMT AMEMBASSY SUVA

AMEMBASSY RANGOON

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COGARD FOR POLAD

E.O. 11652: N/A

TAGS: PFOR, XC, US

SUBJECT: ANUARY 29 EA PRESS SUMMARY

- - -

1. INDOCHINA

EXPLOSION RIPPED THIRD FLOOR OF STATE DEPT AT 1:00 AM  
WEDNESDAY AFTER "WEATHER UNDERGROUND ORGANIZATION"  
PHONED WARNING. NO INJURIES REPORTED. AP REPORTS  
RECEIVING CALL FROM PERSON WHO SAID BOMB INTENDED  
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TO PROTEST US INDOCHINA INVOLVEMENT (SMITH, WP).

AP REPORTS CALLER ALSO WARNED OF EXPLOSION AT DOD BUILDING IN SF; DIRECTED AP WASHINGTON TO TYPEWRITTEN STATEMENT IN NEARBY PHONE BOOTH THAT ACCUSED US OF VIOLATING C-F AND CRITICIZED AID FOR PROVIDING FUNDS TO SUPPORT THIEU AND FINANCE SVN PRISON SYSTEM. AP SF SIMILARLY DIRECTED TO MESSAGE IN PHONE BOOTH THAT COMPLAINED OF OFFICIAL POLICIES OF SECRET MIL INTERVENTION BY US IN CAMBODIA AND VN. PREDICTED EXPLOSION IN SF DID NOT OCCUR (GLOBE).

PRES ASKED CONGRESS FOR 522 MILLION DOLS MORE IN MIL AID FOR VN AND CAMBODIA TUESDAY, SAID SVN MAY "GO DOWN THE DRAIN" WITHOUT IT AND NVN WILL TAKE OVER LITTLE BY LITTLE. ADDED THAT C-F WOULD HAVE WORKED IF HANOI HAD MATCHED OUR SIDE'S EFFORTS TO IMPLEMENT IT. SEN BYRD (WVA) STATED REP AND DEM LEADERS INFORMED PRES THAT IT WOULD BE "EXTREMELY DIFFICULT, IF NOT IMHOSSIBLE" TO GET FUNDS APPROVED. BEFORE SENDING REQUESTS TO HILL, PRES AND SECSTATE DISCUSSED PLANS WITH BYRD AND OTHER CONGRESSIONAL LEADERS AT WH (PHINQ; NYDN; MARDER, WP; CHITRIB). SEN TOWER COMMENTED THAT MAJORITY OF CONGRESS WILLING TO LET VN "GO DOWN THE DRAIN" (GLOBE).

NYT'S MADDEN REVIEWS HISTORY OF THIS YEAR'S AID APPROPRIATIONS FOR SVN AND CAMBODIA. QUOTES PRES THAT NVN HAS VIOLATED MOST C-F MAJOR PROVISIONS, THAT 300 MILLION IS MINIMUM NEEDED BY SVN TO PREVENT "SERIOUS REVERSALS," THAT WITH MORE AID CAMBODIA CAN HOLD ITS OWN, AND THAT ONCE INSURGENTS REALIZE THEY CANNOT WIN BY FORCE, "I BELIEVE THEY WILL LOOK TO NEGOTIATIONS RATHER THAN WAR." ADDED THAT UNWILLINGNESS TO PROVIDE ADEQUATE ASSISTANCE WOULD SERIOUSLY AFFECT US CREDIBILITY AS ALLY.

IN TUESDAY PRESS CONFERENCE, HAK SAID SVN ABILITY TO DEFEND ITSELF IS BASIC ISSUE IN ADMIN'S REQUEST FOR 300 MILLION IN EXTRA MIL AID (CSM; CHITRIB; GWERTZMAN, NYT; CORDDRY,SUN). NYDN QUOTES SECSTATE THAT MIL SITUATION IN SVN "REASONABLY GOOD" UNTIL LAST JUNE WHEN BUDGET CUTS FORCED REDUCTION IN NEW EQUIPMENT AND UNCLASSIFIED

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INADEQUATE AMMO. SAYS HAK STRESSED HE DID NOT WANT REOPENING OF VN DEBATE ON HILL AND IN NATION, INSISTED SUPPLEMENTAL REQUEST WAS NOT ISSUE OF PRINCIPLE ON WHETHER OR NOT WE SHOULD BE IN VN; NYDN POINTS OUT DESPITE HAK'S STATEMENT, DEBATE APPEARED TO BE HEATING UP.

WP'S MARDER SAYS DESPITE ADMIN DESIRE TO AVOID BRUISING

RENEWAL OF INDOCHINA POLICY DEBATE, THAT IS RISK IT NOW  
FACES. NOTES HAK LAST WEEK LAUNCHED CAMPAIGN TO TRY  
INDUCE NEW CONGRESS TO BE LESS ACTIVE THAN PREVIOUS ONE  
IN "INJECTING ITSELF" INTO DAY-TO-DAY CONDUCT OF FOREIGN  
AFFAIRS. SAYS AT NEWS CONFERENCE SECSTATE SOUGHT TO  
NARROW RENEWED VN AID CONTROVERSY, BUT PRES IN FORMAL  
REQUEST TO CONGRESS REVIVED MANY OF OLD ARGUMENTS ABOUT  
AID TO INDOCHINA AND PLACED ALL BLAME ON COMMUNISTS, MAKING  
NO REFERENCE TO CONGRESSIONAL FINDING THAT NONE OF PARTIES  
IS OBSERVING C-F.

SUN'S CORDDRY QUOTES USAF CHIEF OF STAFF THAT US AID  
CURBS HAMPER VNAF IN RECENT FIGHTING, WITH MANY PLANES  
GROUNDED FOR LACK OF FUEL OR PARTS.

OPPOSITION SVN DEPUTIES ISSUE OPEN LETTER TO US CONGRESS  
CALLING FOR END OF AID TO THIEU AND SAYING HE DOES NOT  
REPRESENT MAJORITY OF SVN PEOPLE (PHINQ). LETTER SENT

BY 12 DEPUTIES SAYS "TO INCREASE AID IS TO INCREASE  
PRISONS" (AP WP, SUN).

GVN COMMAND REPORTS NO MAJOR MIL ACTION ACROSS COUNTRY,  
BUT 45 ARVN AND 121 NVA AND VC WERE KIA IN SMALL CLASHES,  
ROCKET AND MORTAR ATTACKS IN PAST DAY (AP WP, SUN, GLOBE;  
CHITRIB).

CHITRIB'S YATES IN SAIGON QUOTES HIGH SOURCES THAT US  
PLANS TO CUT BACK MIL AND CIVILIAN EMPLOYEES WHO SEARCH  
FOR MIAS, SINCE NVA AND VC "WON'T TALK TO US ANYMORE"  
AND FULL-TIME PROGRAM HAS BECOME "FARCE." SAYS FPJMT HAS  
NOT EXCHANGED ONE PIECE OF INFO ON MIAS IN ALMOST TWO  
YEARS, AND US AND SVN ARE ONLY ONES WHO ATTEND TWICE-  
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WEEKLY MEETINGS. WITHOUT COOPERATION OF NVN AND PRG,  
SEARCH IS FUTILE. US DEL MEMBER STATED THAT OTHER SIDE  
DEMANDS THREE CONDITIONS FOR COOPERATION: THAT US END  
MIL INVOLVEMENT AND INTERFERENCE IN SVN "INTERNAL AFFAIRS,"  
THAT THIEU BE TOPPLED, AND THAT ADMIN FOR NATL ACCORD  
BE SET UP IN SVN. ADDS THAT HANOI HAS LATCHED ONTO  
HUMANITARIAN MIA ISSUE AND IS MILKING IT FOR ALL  
POSSIBLE POLITICAL CONCESSIONS. NOTES SOMETIMES MIA  
KIN SHOW UP AND LEAVE "MORE DEJECTED" THAN WHEN THEY  
CAME. QUOTES JCRC THAILAND MEMBER THAT WHEREABOUTS  
OF MANY UNRECOVERED BODIES KNOWN, BUT CAN'T BE BROUGHT  
OUT BECAUSE IN NVN OR VC TERRITORY.

VATICAN SOURCES SAY NVN REPS CONFERRED WITH VATICAN  
OFFICIALS TUESDAY IN FIRST SUCH MEETING (REUTER, NYT).

MEETING CAME DURING VISIT TO ITALY BY NVN PARLIAMENTARY DELEGATION. NO DETAILS RELEASED. PRG OFFICIALS HAVE VISITED IN PAST (REUTER, WP).

IN RADIO HANOI SPEECH MARKING C-F ANNIVERSARY, XUAN THUY SAID US MUST HALT RECON FLIGHTS OVER NVN, PROVIDE IT WITH RECONSTRUCTION AID, AND END MIL INVOLVEMENT AND INTERVENTION IN SVN TO GET PEACEFUL SETTLEMENT (AP NYT, SUN). US OFFICIALS MAINTAIN RECON FLIGHTS OVER NVN NOT SPECIFICALLY PROHIBITED BY C-F, AND IN ANY CASE THEY ARE REQUIRED TO MONITOR WHETHER HANOI IS HONORING AGREEMENT (AP, SUN).

NEW MEKONG CONVOY OF 16 SHIPS IS UNDER WAY BUT BEING POUNDED BY REBELS; NO IMMEDIATE REPORTS OF CASUALTIES, ACCORDING GKR MIL SOURCES. FIVE FREIGHTERS, FOUR TANKERS AND SEVEN BARGES CARRY RICE, AMMO AND OTHER VITAL SUPPLIES FOR PP (AP SUN, WP, GLOBE; PHINQ).

THOUSANDS OF KHMERS, INCLUDING HUNDREDS OF FANK SOLDIERS, HAVE FLED REBEL OFFENSIVE ALONG MEKONG AND TAKEN REFUGE IN SVN, ACCORDING MIL SOURCES; OVER 5800 REFUGEES INCLUDING 492 TROOPS LED BY MAJOR ARRIVED AT TAN AN (UPI, BALTO N-A 1/28).

REBELS FIRED FIVE ROCKETS INTO PP AIRPORT AND NORTHERN UNCLASSIFIED

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PART OF CITY, KILLING SIX ACCORDING POLICE. THREE NAVY CRAFT FERRIED ABOUT 80 WOUNDED FROM NEAK LUONG TO PP (AP SUN, WP, GLOBE; CHITRIB).

LAT'S MCARTHUR AT PP (1/25) SAYS POCHENTONG OFFERS TRAVELER THRILLS AND EXCITEMENT FOR PALTRY AIRPORT TAX, WITH ROCKETINGS AND OTHER EXCITING HAPPENINGS. DESCRIBES COLORFUL LOCAL FLIGHTS. NOTES FEW INTL CARRIERS THAT COME IN USE HIGH APPROACH.

## 2. LHINA

PRC PRESS PUBLISHES PRES FORD'S MESSAGE TO CHOU CONGRATULATING PREMIER ON RE-ELECTION (WP). UPI (HK) REPORTS NCNA BROADCAST THAT CHOU MET IN PEKING HOSPITAL TUESDAY WITH DIRECTOR-GENERAL OF UN EDUCATIONAL, SCIENTIFIC, CULTURAL ORGANIZATION (NYDN, PHINQ). LAT AND PHILA BULLETIN (JAN 25) CARRY AP WIREPHOTO OF HUANG CHEN TOUCHING GLASSES WITH WEST COAST BUSINESS LEADER DURING HUANG'S VISIT TO INGLENOOK WINERY IN NAPA VALLEY. PRCLO CHIEF STOPPED IN SAN FRANCISCO AREA ON TRIP TO WASHINGTON FROM PRC.

WSJ'S "COMMODITIES" COLUMN REPORTS SOME TRADERS WEREN'T SURPRISED BY PRC'S CANCELLATION OF US WHEAT ORDER BECAUSE SHE CANCELED SOME GRAIN CONTRACTS IN YEARS PAST. FEELING IS THAT CHINESE WANTED TO GET OUT OF WHEAT CONTRACT IN HOPES OF LATER BUYING GRAIN AT CHEAPER PRICE. ONE LEADING EXPORT SOURCE, ASKED IF HE SOLD CHINA WHEAT WHEN SHE STARTED PLACING ORDERS, SAID: "I WASN'T INTERESTED IN SELLING THEM ANY GRAIN." ANOTHER SOURCE RECALLED THAT MANY YEARS AGO CHINESE MADE CONTRACTS WITH JAPAN INVOLVING SALE OF LARGE QUANTITIES OF CHINESE SOYBEANS, BUT CHINESE CANCELED ORDER AND GOJ HAD TO TURN TO US FOR SOYBEAN SUPPLIES.

CSM'S FRUTIG LISTS AMONG IMPLICATIONS OF PRC'S CANCELLATION OF CONTRACT TO BUY 22 MILLION BUSHELS OF US WHEAT: IMMEDIATE DROP IN US PRICES TUESDAY ON CHICAGO BOARD OF TRADE BY FIVE CENTS PER BUSHEL; IMMEDIATE AND NEGATIVE REACTION FROM FARMERS; AND MILD UNCLASSIFIED

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REACTION BY USDA -- WHERE OFFICIALS DENY KNOWING EXACT REASON FOR PEKING'S ACTION, BUT STATE SUCH CANCELLATIONS NOT UNCOMMON. IN CHICAGO, USDA SEC BUTZ TOLD AP THAT PRC ACTION WILL HAVE NO APPRECIABLE EFFECT ON US CONSUMERS; SAW IT INDICATING CHINESE HAD BETTER FOOD PRODUCTION YEAR IN 1974, AND POSSIBLY THAT PEKING'S FOREIGN EXCHANGE IS NOT STRONG AS BEFORE (NYT).

WP'S MORGAN REPORTS VIEW OF SOURCES IN GRAIN TRADE AND DIPLOMATIC CIRCLES THAT PRC'S ACTION ON WHEAT MAY HAVE STEMMED FROM CONCERN OVER HER FOREIGN EXCHANGE DRAIN AND DEBTS ABROAD. CITES YEUTTER COMMENT, WEDNESDAY ON POSSIBLE EFFECT IN US OF CHINESE DECISION: COULD MAKE WHEAT "STRONGER CANDIDATE" FOR SHIPMENT OVERSEAS UNDER FOOD FOR PEACE PROGRAM; ALSO, THERE WILL BE DISCUSSIONS SOON ON WHETHER TO "ADJUST" REQUIREMENT FOR GRAIN TRADERS TO RECEIVE US OK FOR ALL LARGE SALES ABROAD. MORGAN ADDS THAT ONE CONCERN VOICED BY EXPORT COMPANY OFFICIALS IS THAT CHINA'S ACTION MAY ENCOURAGE EA NATIONS COMMITTED TO TAKING DELIVERY OF MORE THAN 1.2 MILLION BALES OF HIGH-PRICED COTTON TO RENEGE ON CONTRACTS.

NCNA REPORTS SHANGHAI NUMBER 2 STEEL PLANT MADE 250 DIFFERENT TYPES OF SPECIAL PRODUCTS LAST YEAR -- 150 PERCENT INCREASE OVER NUMBER OF NEW CATEGORIES PRODUCED IN PREVIOUS YEAR. REPORT ADDED THAT ORDERS POURED INTO PLANT CALLING FOR PROMPT DELIVERY OF SPECIAL-

PURPOSE STEEL PRODUCTS IN SMALL QUANTITIES (AFP, WP).

CHINA ACCUSED THIEU AND HIS US BACKERS TUESDAY OF CONTINUALLY SABOTAGING PARIS PEACE AGREEMENTS (REUTER, NYT).

EX-IM BANK SIGNS AGREEMENTS TO LEND ROC MORE THAN 500 MILLION DOLS, MOSTLY FOR NUCLEAR-POWER PLANT (CSM).

.. TIBET

REUTER (NEW DELHI) REPORTS RADIO BROADCASTS FROM LHASA UNCLASSIFIED

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ARE APPEALING TO TIBETAN REFUGEES IN INDIA, SIKKIM AND BHUTAN TO LEAVE "LIFE OF MISERY" AND RETURN HOME (CSM).

#### 4. JAPAN

JOC CITES YEUTTER OPTIMISM JAPAN MAY PARTIALLY LIFT BEEF IMPORT RESTRICTIONS "WITHIN WEEKS."

JOC'S CULLISON IN TOKYO SAYS MITI ASKED TO DRAFT PLANS TO STIMULATE RECOVERY FROM AGGRAVATED RECESSION; GOJ MAY UNBLOCK LARGE PART OF JF PUBLIC WORKS FUNDS FROZEN FOR PAST TEN MONTHS. ADDS KEIDANREN PRES DOKO CALL FOR "IMMEDIATE FISCAL ACTION" TO STIMULATE BUSINESS BEFORE ECONOMIC STAGNATION WORSENS.

JOC (TOKYO) ALSO NOTES OPPOSITION INTENT TO CONCENTRATE ON ECONOMIC ISSUES IN CONFRONTING GOJ IN DIET, HOPING TO FORCE RELATIVELY WEAK MIKI GOVT TO CALL ELECTIONS IN MARCH OR APRIL.

LAT'S GREEN (1/26) NOTES MASTER BUILDER DEL FROM JAPAN VISIT TO GOLDEN WEST MOBILE HOME PLANT IN SANTA ANA, IN STUDY OF "MANUFACTURED HOUSING" IN US, CANADA; LOOKING FOR MORE PERMANENT, LESS EXPENSIVE ALTERNATIVE TO PREFAB CONSTRUCTION IN GENERAL USE IN JAPAN PAST DECADE.

LAT (1/26) FRONTPAGES AP PHOTO OF MIKI DOZING DURING OHIRA SPEECH IN DIET.

#### 5. KOREA

SK SUPREME COURT SENTENCED 10 PEOPLE TO 3-15 YEAR PRISON TERMS TUESDAY; WERE AMONG 203 PERSONS CONVICTED IN LOWER COURT LAST YEAR FOR VIOLATING PARK BAN ON MOVES TO REVISE, DEFY CONSTITUTION (UPI WP, PHINQ).

ROKG SOURCES SAID TUESDAY FM KIM DONG JO TO VISIT EIGHT ASIAN NATIONS BEGINNING FEB 12, TO PROMOTE TRADE; KIM JON PIL CANCELLED HIS TRIP BECAUSE OF REFERENDUM (AFP, WP).  
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NYT SPECIAL (SEOUL) RECOUNTS DONG-A ILBO FIGHT TO SURVIVE DESPITE AD-BOYCOTT INSPIRED BY ROKG. PAPER LOST 60 PERCENT OF AD REVENUE (7,500 DOLLARS A DAY) SINCE CAMPAIGN BEGAN DEC 16, BUT HUNDREDS OF SMALL "SYMPATHY ADS" HELP CLOSE GAP, AND CIRCULATION ROSE TO 800,000 THIS MONTH-

MOUNTING PUBLIC SUPPORT FOR DONG-A ILBO IN JAPAN, US SAID O EMBARRASS PARK, WHO NOW DECIDING WHETHER TO HALT, OR INTENSIFY CAMPAIGN AGAINST PAPER.

#### 6. PHILIPPINES

NYT (MANILA) SAYS PHIL SUPREME COURT AGREES TO HEAR 14 CITIZENS SEEKING TO PREVENT WHAT THEY CALL UNFREE, ILLEGAL REFERENDUM; GROUP CONSISTS OF SEN AQUINO, FIVE RC BISHOPS, FIVE LAWYERS, SLUM DWELLER'S ADVOCATE AND LOPEZ AND OSMENA.

USN DESTROYER ESCORT MEYERCORD RESCUES ALL 31 CREWMEN FROM PANAMANIAN FREIGHTER GULF BANKER BEFORE IT SANK IN SOUTH CHINA SEA TUESDAY 180 MILES WEST OF MANILA (AP, NYDN).

TYPHOON LOLA KILLED AT LEAST 32 PERSONS, LEFT MORE THAN 17,000 HOMELESS IN CENTRAL PHILIPPINES OVER WEEKEND (UPI, WP).

NYT (MANILA) SAYS MARCOS DISCLOSED TO CIVIC GROUP AT PALACE TUESDAY THAT HE SENT CABINET-LEVEL DELEGATION TO JIDDA AT REQUEST OF CONFERENCE OF ISLAMIC STATES, TO DISCUSS POLITICAL SOLUTIONS, OTHER THAN MOSLEM SECESSION, WITH REBEL REPS. MARCOS ACCUSED MORO NLF OF BREAKING CEASE-FIRE BY RAIDING IN ALL MOSLEM PROVINCES IN MINDANAO, CONFIRMED REBELLS CONTROL THREE MAJOR TOWNS THERE. WP (WIRE DISPATCHES) REPORTS MARCOS TV SPEECH TUESDAY, WHICH MOST PESSIMISTIC ESTIMATE SINCE MOSLEM REBELLION BEGAN TWO YEARS AGO. HE SAID INSURRECTION SPREADING, GOVT TROOPS SUFFERING "SERIOUS CASUALTIES," AND NOTED THERE SEEMS NO END TO FIGHTING UNLESS JDDA  
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TALKS SUCCEED. MOSLEM SOURCES IN MANILA SAY THESE  
FALTER OVER REBEL DEMANDS THAT PHIL ARMY LEAVE MINDANAO  
AND SULU ISLANDS, AND MOSLEM LVACUEES BE RETURNED TO  
THEIR LANDS.

#### 7. INDONESIA

PERTAMINA ANNOUNCES CONOCO OIL FIND IN SOUTH CHINA  
SEA, OFF NATUNA, WITH CAPACITY OF 3,023 BBL/DAY;  
CONOCO FOUND TWO WELLS (9,047 BBL/DAY) IN SAME AREA  
LAST YEAR (CSM).

WSJ (LOS ANGELES) REPORTS FLUOR CORP SAID IT HAS  
SIGNED MULTI-MILLION DOLLAR CONTRACT WITH UNION  
OIL, PERTAMINA TO DESIGN AND BUILD GAS-PROCESSING  
AND CRUDE-OIL-STABILIZATION FACILITY AT SANTAN,  
EAST KALIMANTAN; BEGINS WORK THIS SPRING, HOPES  
COMPLETE PROJECT NEXT YEAR.

#### 8. THAILAND

S-N'S BRADSHER IN HK (1/28) CITES EMERGENCE OF LAWYER  
SENI PRAMOJ FROM SUNDAY ELECTION AS LIKELY PM. NOTES  
NEW GOVT FACES PROBLEMS OF STUDENT, LABOR IMPATIENCE,  
LOOMING-PRESENCE OF ARMY, AND COMMUNIST GUERRILLAS  
SUPPORTED BY NVN, CHINA.

CSM'S SOUTHERLAND IN BANGKOK SAYS NEWS HEADLINE  
"CONFUSION" BEST SUMS UP POST-ELECTION SITUATION  
AS POLITICIANS BEGIN TO CONSULT ON FORMING MAJORITY  
COALITION. BUT SENI MIGHT TRY FORM MINORITY GOVT,  
MILITARY-LED CONSERVATIVE PARTIES MIGHT FORM OWN  
COALITION, OR DEADLOCK MIGHT FORCE KING TO INTERVENE.  
FEW THINK MILITARY LIKELY TO DISRUPT EXPERIMENT IN  
DEMOCRACY IN IMMEDIATE FUTURE, BUT MANY THAIS MIGHT  
WELCOME RETURN OF STRONG GOVT IF CONSULTATIONS LEAD  
TO WEAKNESS, DISRUPTION AND CHAOS. SOME OBSERVERS  
SAY "THAI PRAGMATISM" WILL PRODUCE COALITION TO FORM  
VIABLE GOVT. WESTERN DIPLOMAT THINKS WHOLE THING  
WOULD FALL APART IF THIS WERE FRANCE; "BUT THIS IS NOT  
FRANCE, IT'S THAILAND."

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NYT'S BUTTERFIELD IN BANGKOK REVIEWS POST-ELECTION  
SITUATION IN SAME VEIN. QUOTES JOURNALIST SAYING



"POLITICIANS WILL FIND A WAY TO GET TOGETHER, ESPECIALLY WITH ALL THOSE CABINET POSTS AND MONEY." OBSERVES IF NO COALITION FORMED CONSTITUTION PROVIDES FOR NEW ELECTIONS, WITH PRESENT INTERIM GOVT APPOINTED BY KING REMAINING IN POWER UNTIL CABINET FORMED.

9. AUSTRALIA

GOA IMPOSES QUOTAS ON AUTO, LIGHT COMMERCIAL VEHICLE IMPORTS, TO REDUCE LEVEL FROM 40 TO 20 PERCENT SHARE OF MARKET THIS YEAR. ALSO REDUCES SALES TAX ON CARS, LIGHT COMMERCIAL VEHICLES FOR THREE MONTHS, TO BOOST SALES, ASSURE EMPLOYMENT IN AILING AUTO INDUSTRY; IN EXCHANGE, GM, FORD, CHRYSLER AFFILIATES AGREE TO DEFER LAYOFFS 90 DAYS (AP, WSJ: JOC).

FINANCIAL TIMES (IN CSM) DESCRIBES AGNEW DEPOSIT IN WESTERN NICKEL BELT BEST BAROMETER OF NATION'S MINING CLIMATE. DESPITE BURDEN OF REMOTENESS, OVERSEAS OWNERSHIP, DIFFICULTIES RAISING CAPITAL, PROJECT MAY GET UNDERWAY EARLY AS APRIL, MARKING VICTORY OVER NATIONALISM WHICH CHARACTERIZED AUSSIE MINING POLICY OVER PAST TWO YEARS.

COMMENT AND ANALYSIS

10. INDOCHINA

6LOBE (1/26) NOTES NVN CHARGES, AND US NO LONGER DENIES, AMERICAN PILOTS FLY MIL RECON MISSIONS FOR SVN. SUBMITS THAT US PEOPLE HAVE NO DESIRE TO RENEW MIL ACTIVITY IN VN, DESPITE SECDEF'S ARGUMENT THAT NVN VIOLATED C-F FIRST SO "ALL BETS ARE OFF." FINDS SOLICITUDE FOR SVN AND DESIRE FOR MORE US SUPPORT HARD TO UNDERSTAND BECAUSE GVN IS "NO MORE A DEMOCRACY THAN IS THE AMERICAN UNDERWORLD." MOREOVER, US INTERVENTION DID NO GOOD; SOUTH VIETS STILL SUFFER AND THIEU REGIME MAKES NO PROGRESS TOWARD SUCCESS. CONCLUDES VN IS BAD SCENE UNCLASSIFIED

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AND BY GOING BACK OS COULD ONLY MAKE IT WORSE. STATES CONGRESS ISN'T GOING TO DECLARE WAR AND SEND US TROOPS BACK, AND HANOI KNOWS IT. RECOMMENDS WE'D BETTER SAVE EXTRA 300 MILLION AND APPLY IT TO "HORRENDOUS" BUDGET DEFICIT.

NYDN'S GREENE SEES "LIGHT IN THE TUNNEL" FADING AGAIN AS WAR GOES ON. REVIEWS PRES' REQUEST FOR MORE MIL AID AND RECENT ANTIWAR DEMONSTRATION IN WASHINGTON, WHICH, HOUGH "CONSIDERABLY WATERED DOWN" FROM THOSE OF EARLIER

YEARS, SIGNED ANTIWAR FORCES WILL BE RISING AGAIN. NOTES THAT IN VN BOTH SIDES ACCUSE EACH OTHER OF VIOLATIONS, BUT ALL HAVE TAKEN PLACE IN SVN, NOT IN NORTH, WITH EXCEPTION OF HANOI'S INTRANSIGENCE ABOUT HELPING DETERMINE MIAS FATE. CONSIDERS IT SIGNIFICANT THAT NONE OF 1.4 MILLION NEW WAR REFUGEES GREETED COMMUNISTS AS LIBERATORS; FLEE INSTEAD TO GVN SIDE.

UPI (BALTO N-A 1/27) FROM SAIGON REVIEWS GORY EVENTS SINCE C-F, FINDS PEACE ELUSIVE AS EVER. NOTES GVN DEFINES PEACE AS END TO COMMUNIST TRUCE VIOLATIONS AND HOLDING OF NATL ELECTION; NVN AND VC DEFINE IT AS END TO US AID, THIEU OVERTHROW AND FORMATION OF COALITION GOVT. SAYS DIFFERENCE BETWEEN DEFINITIONS HAS MEANT WAR, AND IN SOME CASES GVN FAILED TO CARRY OUT C-F PROVISIONS, IN OTHERS COMMUNITIES DEFIED AGREEMENT, AND IN STILL OTHERS BOTH SIDES WERE AT FAULT. CONCLUDES THAT ON SECOND ANNIVERSARY OF C-F, WAR IS FAR FROM SOLUTION AS TWO YEARS AGO.

KNIGHT NEWS (GLOBE 1/26) FROM SAIGON DOES SIMILAR ARTICLE ON "PEACE WITH HORROR," NOTES FALSE SENSE OF SECURITY ONE IS LULLED INTO BY HUSTLE AND BUSTLE OF CAPITAL IS DISPELLED AT NIGHT BY THUNDER OF ARTILLERY. SAYS SOUND GETTING CLOSER TO SAIGON. BOTH SIDES REPORT VIOLATIONS OF OTHER AND C-F CONTINUES ON "ORWELLIAN WAY." QUOTES AMERICAN THAT IT WASN'T PEACE AGREEMENT, BUT "EXIT VISA" FOR US. POINTS OUT ICCS IS FUNDED BY US BECAUSE PRG AND NVN HAVE REFUSED TO PAY ASSESSMENTS, AND COMMISSION IS CONSIDERED "OVERBUDGETED,... UNDERWORKED JOKE" WITH POLES AND HUNGARIANS NEVER UNCLASSIFIED

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HAVING REPORTED VIOLATION BY NORTH VIETS. QUOTES US DIPLOMAT ON EASY LIFE OF ICCS MEMBERS, AND RECENT EFFORT BY IRAN TO MAKE ORGANIZATION VIABLE THAT WAS NEGATED WHEN PRG SAID ICCS COULD NOT PROVIDE SECURITY FOR ITS REPS. REPORTS MANY VIETS MISS AMERICANS AND THEIR MONEY, AND WOULD PREFER "PLENTY WAR AND FULL BELLY" TO "NO WAR AND EMPTY BELLY." CONCLUDES C-F IS "KAFKA-ESQUE JOKE."

GLOBE (1/28) REPRINTS TRB COMMENT FROM NEW REPUBLIC WHICH STATES "FUNNY LITTLE MEN IN BLACK PAJAMAS ARE STILL FIGHTING IN VIET NAM" AFTER 29 YEARS. MASSES OF US EQUIPMENT WERE TURNED OVER TO VIETS JUST BEFORE C-F. WHAT HAPPENED AFTER THAT? IT APPEARS GVN TOOK OFFENSIVE AGAINST COMMUNISTS. HOW MANY ARTIFICIAL HEARTS IS US WILLING TO IMPLANT? SOONER OR LATER, US MUST FACE BITTER REALITY AND FINALLY COME OF AGE.

PERHAPS IN END THEY WILL SAY OF VIET NAM WHAT HAS BEEN  
SAID OF CHINA -- "IN THE END, CHINA WENT HER OWN WAY  
AS IF THE AMERICANS HAD NEVER COME."

LOFTON IN PHINQ (1/28) SAYS PRES FORD CORRECT IN  
BELIEVING SVN BEING CHOKED TO DEATH AND HAS RIGHT  
TO DEFEND ITSELF. QUOTES DOUG PIKE TO EFFECT THAT  
BLOOD BATH WOULD FOLLOW CUT-OFF OF US AID. US

CREDIBILITY AT STAKE IN WORLD. BUT LOFTON PESSIMISTIC  
ABOUT CONGRESSIONAL SUPPORT. MAINTAINS GVN DESERVES  
TO SURVIVE AND WE SHOULD HELP.

S-N'S BRADSHER (1/27) IN HK SAYS ONLY SIGNIFICANT  
ELEMENT OF PARIS ACCORDS REMAINING ARE WITHDRAWAL  
OF US TROOPS AND RETURN OF PRISONERS. DECENT INTERVAL  
BETWEEN AMERICAN WITHDRAWAL AND COMMUNIST TAKEOVER  
NOW IN EFFECT. DESPITE HIS TALK OF LAYING DOWN BURDEN,  
THIEU COULD RUN AGAIN, WHICH MAY TOUCH OFF RENEWED  
AGITATION. CASUALTIES MOUNTING ON BOTH SIDES BUT  
RATIO OF COMMUNIST/NON-COMMUNIST DEATHS REDUCED  
CONSIDERABLY. HANOI FEELS TIME ON ITS SIDE AND WILL  
KEEP UP MILITARY PRESSURE TO EXACERBATE SOCIAL,  
ECONOMIC PROBLEMS IN SOUTH.  
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LETTER TO S-N (1/27) FROM GKR EMBASSY PRESS AND INFO  
ATTACHE EXPRESSES THANKS TO S-N FOR COMPASSIONATE  
POINT OF VIEW IN SUPPORTING ADDITIONAL AID FOR CAMBODIA.

PHILA BULLETIN (1/27) CITES SECOND ANNIVERSARY OF  
C-F. SAYS SINCE THEN, US HAS NOT LIKED TO THINK  
MUCH ABOUT IT, BUT PART OF PRICE OF.  
PULLOUT WAS CONTINUED SUPPORT FOR SVN. POINTS  
OUT PRES' REQUEST FOR 300 MILLION DOLS EXTRA MIL  
AID IS NOT POPULAR; WITH CONGRESS WORRIED ABOUT  
DOMESTIC MATTERS, ADMIN ARGUMENTS "PAINFULLY  
FAMILIAR," AND ANTIWAR SKEPTICISM BEING REKINDLED.  
ADVISES PRES NOT PRESS MIL AID ISSUE, SINCE LITTLE  
TRUST LEFT AS TO BEHAVIOR OF ANY SIDE IN CARRYING  
OUT C-F, WHOSE PROVISIONS WERE COMPLICATED AT  
START BUT NOW IN TATTERS. PERCEIVES SOME US SENSE  
OF OBLIGATION TO SVN, BUT STATES THERE IS ALSO  
LIMIT TO PATIENCE, AND US INVOLVEMENT IS NOW  
GENERALLY SEEN AS HAVING BEEN MISTAKE. RECOMMENDS  
HAK STRESS TO USSR AND CHINA VALUE TO GOOD RELATIONS  
WITH US OF JOINING IN PRESSURE FOR VN POLITICAL  
SETTLEMENT.

RETD USAF GEN HUGLIN, IN CHITRIB, ARGUES US CAN'T CUT AND RUN IN VN SINCE THIS WOULD INSURE VICTORY OF NVN AND VC. NOTES REPRESSION OF HIEU REGIME IS MUCH LESS THAN WHAT HANOI AND VC INFLICT, AND WAR PERSISTS BECAUSE COMMUNISTS WANT CONTROL OF SVN. USSR AND CHINA REPORTEDLY PROVIDED 1.3 BILLION DOLS IN AID TO HANOI THIS YEAR, SO SOUTH VIETS STILL SUFFERING. SAYS WE NEED TO CONSIDER MAIN CONSEQUENCE OF NOT GIVING MORE AID: EROSION OF WORLDWIDE TRUST IN OUR CONSTANCY AND RELIABILITY IN FULFILLING OUR COMMITMENTS. BELIEVES THAT IF WE PROVIDE AID SVN NEEDS AND THEY STILL FAIL, WE WILL BE SEEN AS HAVING PLAYED OUR ROLE RESPONSIBLY AND TRUST IN US WILL NOT SUFFER.

11. CHINA

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REPORTING OUTCOME OF RECENT NPC, LAT'S ELEGANT OBSERVES "CHINA HAS JUST THROWN THE RASCALS IN." ALL BUT TWO OF 29 MINISTERS IN NEW CABINET WERE DENOUNCED FEW YEARS AGO AS CRIMINALS AND TRAITORS. REASONS FOR "ABRUPT LCHANGE" ARE FOUND IN RECENT PRC HISTORY AND IN CHARACTER OF MAO AND CCP. HOLDS THAT "MESMERIC" MAO "WAS REMOVED FROM ALL EFFECTIVE POWER AND STRIPPED OF MOST PERSONAL PRESTIGE" IN NPC FOURTH SESSION; HE DID NOT ATTEND THOSE MEETINGS "PERHAPS BECAUSE HE KNEW THEY WERE RIGGED AGAINST HIM."

ACCORDING ELEGANT, "MAO'S DECLINE HAD BEEN APPARENT FOR ALMOST NINE YEARS;...NONETHELESS, MANY HIGHLY QUALIFIED ANALYSTS, HYPNOTIZED BY THE TOWERING FIGURE, STILL INSISTED THAT HE WAS RUNNING CHINA." BUT DENOUEMENT BEGAN WHEN CHOU'S PATIENCE "FINALLY RAN OUT ABOUT A YEAR AGO." PREMIER "SPENT NINE MONTHS IN THE SHELTER OF A PEKING HOSPITAL PLANNING AND DIRECTING THE STRATEGY FOR TAKING TOTAL CONTROL OF CHINA, THAT TRIUMPHED LAST WEEK." CHOU PRESENTED MAO WITH "IRRESISTIBLE FAIT ACCOMPLI." HIS FIRST WHOLLY INDEPENDENT MEASURES REVEALED CLEARLY WHY HE HAD FELT FORCED TO ACT DECISIVELY DESPITE LIFE-LONG REPUGNANCE FOR SUPREME POWER. "STRONGEST EVIDENCE" OF MASS DISAFFECTION WAS PUBLICIZED BY PREMIER'S MODERATE FACTION IN MONTHS PRECEDING CLIMACTIC MEETING. ECONOMIC DEPRIVATION, EXPLOITIVE WORKING CONDITIONS, INTRUSIVE THOUGHT CONTROL AND CONSTANT INTERNECINE STRIFE HAD OBVIOUSLY WORN MASSES' PATIENCE VERY THIN. NEW GOVT IS, THEREFORE, SEEKING TO REDUCE

DISSATISFACTION BY IMPROVING LIVING CONDITIONS AND  
LESSENING POLITICAL PRESSURES.

ACCORDING ELEGANT, IT COULD PROVE SURPRISINGLY EASY TO  
EFFECT GENERAL BETTERMENT OF PEOPLE'S LOT; SIMPLY  
LEAVING FARMERS AND WORKERS ALONE TO GET ON WITH  
THEIR WORK HAS, AT INTERVALS IN PAST, RESULTED IN  
SHARP RISES IN PRODUCTION. BUT MASSIVE DISCONTENT OF  
MASSES AFTER MORE THAN 25 YEARS OF REPRESSION CANNOT  
BE AMELIORATED SO EASILY. RECALLS CHOU HAS OFTEN  
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DECLARED WHOLE GENERATION OF SUCCESSORS STANDS READY  
IN WINGS; YET NO YOUNG PERSONS WERE APPOINTED TO HIS

CABINET. "PEKING'S CONSTANTLY REITERATED DENIALS  
THAT PROBLEM OF SUCCESSION EXISTS DEMONSTRATE HOW ACUTE  
THAT PROBLEM ACTUALLY IS." ELEGANT MAINTAINS CHOU  
AND SEPTUAGENARIAN COHORTS MUST WIN CHINESE MASSES'  
CONFIDENCE AND SUPPORT. FEELS HE STARTS WITH GREAT AD-  
VANTAGE -- MOST CHINESE REGARD HIM MUCH MORE HIGHLY AS  
PRACTICAL, DAY-TO-DAY LEADER THAN THEY EVER DID MAO (GLOBE  
JAN 26).

TORONTO GLOBE AND MAIL'S BURNS, IN PEKING, RECOUNTS  
HIS ARRIVAL WITH THREE AMERICANS AND CANADIAN AT  
CHINESE CAFE FOR SIMPLE 35-CENT BEER-AND-NOODLES LUNCH.  
FIRST SIGN THEY "WEREN'T GONG TO GET THE ORDINARY  
TREATMENT" WAS EXODUS OF OTHER PATRONS; THEN CAME  
"SUMPTUOUS REPAST" WITH BILL, FOR NINE COURSES, OF  
ALMOST NINE DOLS. SEES INCIDENT DEMONSTRATING HOW  
DIFFICULT IT IS TO SEE "REAL CHINA." EATING WITH  
CHINESE IS NOT ALWAYS EASY. IT IS REFLEX OLD AS  
CHINA ITSELF TO KEEP FOREIGNERS AWAY FROM MAINSTREAM  
OF CHINESE LIFE, AND COMMUNISTS HAVE CONTINUED  
AND REINFORCED TRADITION -- TO POINT OF DISCOURAGING  
ATTEMPTS BY FOREIGNERS TO EAT ORDINARY MEAL.

FOREIGNERS HAVE ONLY TO STEP IN DOOR OF NEIGHBORHOOD  
RESTAURANT TO ATTRACT EVERY PAIR OF EYES IN PLACE;  
WAITER HURRIES FORWARD, OFTEN WITH SUGGESTION "FOREIGN  
FRIENDS" TAKE THEIR PATRONAGE SOMEWHERE "MORE CONVENIENT" --  
MEANING DELUXE RESTAURANT FURTHER DOWN STREET. IF  
VISITORS STAND THEIR GROUND, THEIR PERSISTENCE CAN HAVE  
UNINTENDED CONSEQUENCES, SUCH AS WAITER CLEARING WHOLE  
TABLE FOR THEM, WITH DINERS ALREADY SEATED BEING  
PEREMPTORILY EJECTED AND MORTIFIED FOREIGNERS SEATED  
IN THEIR PLACES. WAITER IS APT TO SUGGEST VISITORS  
ORDER SOMETHING MORE SUBSTANTIAL THAN COMMONPLACE FARE,  
AND SPECIAL TOUCHES ARE ADDED -- TABLECLOTH, OR

OSTENTATIOUS SWABBING DOWN OF TABLE.

BURNS NOTES OLD HANDS ARGUE THIS REFLEXIVE TENDENCY  
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TO SEGREGATE FOREIGNERS HAS PRACTICAL RATHER THAN  
POLITICAL ROOT -- AND IN CASE OF RESTAURANTS "THEY  
MAY BE RIGHT." CHINESE CONCERN, OLD HANDS INSIST, IS  
THAT FOREIGNERS ENJOY BEST OF CHINESE HOSPITALITY AND  
NOT GRUB IN WITH LOCALS IN CONDITIONS INFERIOR TO THOSE  
THEY ARE ACCUSTOMED TO AT HOME (NYT).

S-N (JAN 28) SEES NEW PRC CONSTITUTION ENSHRINING  
MANY OF CHANGES THAT HAVE TAKEN PLACE THERE SINCE  
1954, AND ALSO SERVING TO CLARIFY PECKING  
ORDER OF CHINA RULING HIERARCHY. THINKS DOCUMENT

CLEARLY REFLECTS MAO'S WANING POWER AS ACTIVE NATIONAL  
LEADER. THOUGH HE REMAINS CCP CHAIRMAN AND PLA COMMANDER  
IN-CHIEF, FOR MOST PART MAO IS TREATED AS REVERED  
HISTORICAL FIGURE WHOSE DAYS OF EFFECTIVE LEADERSHIP  
HAVE PASSED. OF MAJOR SIGNIFICANCE IS RECONFIRMATION  
OF CHOU AS GOVT HEAD, TOGETHER WITH CABINET GENERALLY  
REFLECTING HIS PRAGMATIC, FLEXIBLE APPROACH TO  
PROBLEMS OF STATE.

BUT IN ONE IMPORTANT AREA, CHANGES THAT HAVE TAKEN  
PLACE OFFER LITTLE IN WAY OF GRATIFICATION TO  
AMERICANS WHO ADVOCATE BETTER RELATIONS WITH PEKING.  
WHILE 1954 CONSTITUTION SPOKE OF CHINA'S "INDESTRUCTIBLE  
FRIENDSHIP" WITH SOVIET, NEW DOCUMENT TREATS BOTH  
SUPERPOWERS WITH "EVEN-HANDED HOSTILITY. "

CITING CHOU'S ADDRESS TO NPC ALLEGING THAT CONTENTION  
BY US AND SOVIET CERTAIN TO MEAN WORLD WAR SOMEDAY,  
GLOBE (JAN 24) COMMENTS: "HOW'S THAT FOR TRYING TO  
SPREAD FEAR AND DISTRUST BETWEEN TWO NATIONS PLEDGED  
O PEACEFUL COOPERATION WHEREVER POSSIBLE?" MAINTAINS  
WHILE THERE WILL BE ALL KINDS OF SERIOUS SOVIET-US  
CONFRONTATIONS, MILITARY CONFLICT IS "NOT NECESSARILY  
INEVITABLE." SUGGESTS SUCH CONFLICT EASILY COULD BE  
MORE LIKELY BETWEEN PRC "SWORN TO TAKE OVER LARGE  
BORDER AREAS NOW OCCUPIED BY A RUSSIA DETERMINED  
TO KEEP THEM AT ALL COSTS." POINT IS THAT CAUSE OF  
WORLD PEACE IS POORLY SERVED WHEN CHOU OR ANY NATIONAL  
LEADER PROCLAIMS THAT ANOTHER MAJOR INTERNATIONAL WAR  
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IS "INEVITABLE."

12. KOREA

FROM SEOUL, WP'S OBERDORFER NOTES LESS TALK ABOUT  
DETENTE, MORE HOSTILE TALK ABOUT MILITARY CONFLICT  
BY LEADERS OF TWO KOREAS. BUT US SOURCES SEE NO  
BASIC CHANGE IN MILITARY ALIGNMENTS, NO SIGN OF  
IMMINENT CONFLICT, AND NO HINT MAJOR SPONSORS OF  
TWO SIDES (US, CHINA, SOVIETS) HAVE INTEREST IN  
NEW ROUND OF HOSTILITIES.

STILL, PARK EMPHASIZES DANGER OF WAR, APPEALS FOR  
NATIONAL UNITY, AND ARGUES "WESTERN-STYLE DEMOCRACY"  
UNSUITED TO ROK NOW. CLAIMED IN NEW YEAR PRESS  
CONFERENCE THAT COMMUNISTS WAITING FOR CHANCE TO  
USE NEW AMPHIBIOUS EQUIPMENT, ARTILLERY IN "SURPRISE  
ATTACK," WITH "AMPLE POSSIBILITY" OF NK INVASION  
THIS YEAR.

NK WORKERS' PARTY ORGAN CALLS PARK TALK "STRING OF  
BALDERDASH," BUT FACT KIM IL SUNG MIRRORS PARK CHARGES  
THAT ENEMY PREPARING TO ATTACK PROMPTS SOME US ANALYSTS  
TO SPECULATE HE FACES MORE INTERNAL OPPOSITION IN  
NK HAN MEETS EYE. NEED TO KEEP NK MILITARY HOPE  
ALIVE MIGHT EXPLAIN CELEBRATED TUNNEL UNDER DMZ,  
SINCE US SOURCES DISCOUNT ITS MILITARY VALUE OTHERWISE.

13. THAILAND

CSM (1/28) VIEWS FREE ELECTIONS IN THAILAND SUNDAY AS  
MARKED CONTRAST TO DRIFT INTO UNSTABLE AUTHORITARIANISM  
SEEN IN REST OF SEA AND INDIAN SUBCONTINENT. MOST  
INTRIGUING IS LARGE NUMBER OF PARTIES WHICH RAN; BUT  
NUMBER ALONE DOES NOT GUARANTEE ADEQUATE REPRESENTATION  
IN ASSEMBLY OF NEW CLASS OF TECHNOCRATS WHICH EMERGED  
OVER PAST DECADE -- AND FAILURE TO HEED POPULAR DEMAND  
FOR BROADENING BASE OF POWER WOULD ONLY INVITE LONG-RANGE  
DANGERS. TO HIS CREDIT, SANYA PROPERLY RECOGNIZED  
THIS URGENCY, AND INSTITUTED MANY PROGRESSIVE REFORMS.  
PERHAPS MOST IMPORTANTLY HE PROVIDED SENSE OF STEADINESS,  
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WITH FIRM BUT FAIR HAND AT HELM DURING TRANSITION.  
THESE REFORMS, COUPLED WITH ELECTION, ARE HOPEFUL  
BASIS FOR NEW CHAPTER IN THAILAND.

14. MALACCA STRAIT

JOC (1/28) SAYS SHOWA-MARU GROUNDING IN MALACCA STRAIT IS KIND OF INCIDENT EXPECTED BY SHIPPERS EVER SINCE TORREY CANYON FOULED ENGLISH CHANNEL IN 1967. THEY KNOW IT CAN STIR UP WAVES, BEYOND DAMAGE CLAIMS, LEADING TO POSSIBLE CHANGE IN STATUS OF KEY INTL WATERWAYS, IF MORE MISHAPS OF SAME SCALE OCCUR. AND MALACCA STRAIT S TIGHT SQUEEZE, AT BEST, FOR TODAY'S SUPERTANKERS. ALL AGREE SOMETHING MUST BE DONE, BUT WHAT?

HEAVIEST USER JAPAN OFFERED TO INSTALL NAVIGATIONAL AIDS FIVE YEARS AGO AND, IF AGREEABLE, ACT AS "TRAFFIC COP"; BUT THREE STRAIT STATES DIDN'T WANT SOMEONE ELSE CONTROLLING WATERWAY.

NOW THREE STATES HAVE ASKED JAPAN ACCEPT "VOLUNTARY AGREEMENT" TO DETOUR BIG TANKERS THROUGH LOMBOK STRAIT. SO FAR, JAPAN REFUSES BECAUSE OF ADDED COST. BUT IMPLICATIONS FOR OTHER INTERNATIONAL WATERWAYS WOULD BE SERIOUS SHOULD JAPAN'S REFUSAL PROMPT STRAIT STATES TO CLAIM SOVEREIGNTY OVER MALACCA STRAIT.

TO DEFER SUCH CONSEQUENCE, JOC CALLS ON JAPAN TO FIND "VOLUNTARY AGREEMENT" IN OWN INTEREST, SINCE IT IS BETTER THAN NONE.

15. NEW ZEALAND

LAT'S LAMB IN AUCKLAND (1/26) FINDS N/, WHERE SHEEP OUTNUMBER PEOPLE 20-1, "ULTIMATE ANACHRONISM" OF 20TH CENTURY. FAVORITE JOKE IS AIRLINE PILOT ADVISING PASSENGERS COMING IN TO FASTEN SEATBELTS, "SET WATCHES BACK 20 YEARS." LONDONER CALLS NZ "TIME MACHINE" WHICH TAKES ONE BACK TO PRE-WAR ENGLAND. BUT NZ LEADS WORLD IN SOCIAL LEGISLATION.

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LAT'S LAMB IN WELLINGTON (1/25) CITES PLIGHT OF SHEEP RANCHERS AS SYMBOL OF INTERNATIONAL RECESSION COMING TO ISOLATED N/. ECONOMISTS WARN OF DISASTER IF GOVT CONTINUES TO BORROW TO NARROW GAP BETWEEN RISING IMPORT BILLS, DECLINING EXPORT RETURNS, UNLESS IT ALLOWS UNEMPLOYMENT TO RISE AND LIVING STANDARD TO FALL.

BUT ROWLING PLEDGES TO CONTINUE TO MAINTAIN FULL EMPLOYMENT, HOLD INFLATION TO RESPECTABLE 12 PERCENT RATE, AND ABSORB JOBLESS INTO FORESTRY, BUILDING INDUSTRY, AND SOCIAL SERVICES. MEANTIME, GNZ TAKES



ONLY MILD STEPS TO DEAL WITH ECONOMY: COMPULSORY 9  
PERCENT SAVING ON SALARIES OVER 60 DOLS PER WEEK,  
HALVING 9 PERCENT COL WAGE INCREASE, CAPITAL GAINS  
TAX ON LAND VALUE INCREASE DUE TO CHANGE IN USE.  
SUCCESS OF PROGRAM TO DETERMINE FATE OF ROWLING GOVT  
IN GENERAL ELECTIONS SET FOR NOVEMBER, COULD COME EARLY  
AS APRIL. KISSINGER

NOTE BY OC/T: POUCHED BUDAPEST.

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